

Rancho Murieta Community Services District
Pay for Performance Manual

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SECTION 1 - INTRODUCTION

BACKGROUND

In November of 1994, the Board of Directors adopted a policy to develop and implement a compensation plan that would recognize the quality of an employee's performance on the job. Over time, the Pay for Performance Plan has changed to reflect changes in and out of the District, but stayed consistent with the intent of the original agreement. Prior to this time, District employees received pay increases based on the cost of living and length of service. Employees were generally hired at the minimum of the salary range and received a 2.5% increase each year and usually received a cost of living increase ranging from 2 to 3%. Upon reaching the maximum of the salary range, employees received the cost of living increase only. The District did not financially reward employees for their *level* of contribution. This program is based on the assumption that pay can act as a motivator for higher levels of performance. This program applies to non-represented employees. Although the represented employees are covered under the current memorandum of understanding (MOU) between the District and the Operating Engineers Local #3 for minimum standards to move between steps, the basic underpinnings of this manual (i.e. core competencies, measurements, ratings and goal identification and attainment, and performance evaluation) are consistent with those of non-represented employees, supervisors and managers.

SECTION 1-1

GENERAL DESCRIPTION OF THE PAY FOR PERFORMANCE PROGRAM

The Pay for Performance program differs from the old compensation and evaluation programs in a number of ways:

- The pay for each job class is determined by a salary survey of comparable public agencies. This survey is performed no less than every three years. (See Section 2, page 1 for more information)
- No cost of living increases are given, but since a salary survey is conducted regularly, employees are assured of competitive salaries within the financial resources of the District. (Represented employees' increases are subject to the terms and conditions of the MOU.)
- Pay increases vary and are based on the employee's level of performance. Pay increases vary from 0 to 8%, based on the employee's performance evaluation and position in the salary range. (See Section 2, page 3, for additional information.) (Represented employees' increases are subject to the terms and conditions of the MOU.)
- The evaluation of an employee's performance is based on factors related to the job classification, specifically predetermined competencies and SMART goals and objectives.

- In addition to base pay, there are additional incentives for specific behaviors such as special service. (See Section 4 for additional information and Policy #2011-08.)
- Benefits are reviewed periodically for their comparability with other agencies, and desirability by employees. (See Section 5 for more information.)

The main components of the program are competitive base pay and benefits, salary increases based on level of performance, and special incentives for unusual achievements. The District, like most public agencies, has limited funds and wants to use those funds in the best possible manner. This program is not intended to punish employees in any way, but rather reward those employees that contribute most to the District's mission of "... to take a leadership role in responding to the needs of the residents. The District will deliver superior community services efficiently and professionally at a reasonable cost while responding to and sustaining the enhanced quality of life the community desires".

The Pay for Performance program is a dynamic program and will be revised when it is apparent that elements of the program are not supporting the objective of rewarding employees for creativity, innovation, teamwork, productivity, and quality. The hope of installing such a program is that the customers of the District will benefit by receiving the highest quality, most cost effective service possible and that employees will be rewarded appropriately for their additional effort.

SECTION 1-2

PURPOSE OF MANUAL

The purpose of this manual is to identify the components of and explain how the pay for performance management program is administered for non-represented employees and the performance management system is administered for all employees, represented and non-represented.

SECTION 2 - COMPENSATION PLAN AND SALARY ADMINISTRATION

SECTION 2-1

STRUCTURE OF SALARY RANGES

External Pay Comparisons

The salary structure for classifications insures external competitiveness through salary comparisons with similar agencies. The District's management team conducts a salary survey no less than every three (3) years. In non survey years, adjustments to the salary ranges based on changes in the CPI will aid in keeping the salary structure competitive with the market. The survey is conducted and completed during the first three (3) months of the calendar year. The Personnel Committee of the Board of Directors reviews the collected data and makes recommendations to the Board for salary range adjustments, if any.

The comparison agencies are selected by the Board of Directors and can be changed at any time. The current survey group is listed below.

Cities and Counties

City of Davis	City of Folsom	City of Galt	City of Modesto
City of Roseville	City of Woodland	City of Yuba City	

Special Districts

Amador Water Agency	Calaveras County Water District
Groveland Community Services District	Mammoth Community Water District
South Tahoe Public Utility District	Tuolumne Utilities District

Security

County of Sacramento	Elk Grove Unified School District
Lake of the Pines Association	Lake Wildwood Association
Sacramento City Unified School District	Sacramento Municipal Utility District

In general, the comparison agencies are cities, counties, and special districts of a similar size, that provide similar services in water and/or wastewater treatment, and security. Other factors, such as geographic region and cost of living, were taken into consideration when choosing the comparator group. The following positions are provided salary ranges as a result of the survey:

Accounting Supervisor	Chief Plant Operator
Director of Administration	Director of Field Operations
District Engineer	District Secretary
General Manager	Security Chief
Security Sergeant	Utilities Supervisor

Internal Salary Relationships

Not all District classifications are surveyed since some classifications are not common in other agencies or may be part of a series in which certain internal relationships can be inferred. Those classifications not surveyed are linked to the surveyed jobs by percentage differentials. The more similar the linked class is to the benchmark class, the smaller the percentage differential.

At times, pay for a particular class may be altered by internal comparisons even though survey data may indicate a higher or lower salary. The relationship between classes may also change as a result of reorganization of work units or change in employee responsibilities.

Position in the Market

Position in the market refers to “targeted” level of pay among comparison agencies. The Board of Directors determines the District’s position relative to the comparison agencies. The Board may change the District’s position based on such issues as ability to pay, change in District goals, etc. Currently, the District’s position among comparison agencies is the base salary market median of the agencies surveyed.

Salary Ranges

A salary schedule was created for the non-represented classifications, which consists of forty-six (46) salary ranges with approximately 30% between the minimum and maximum. (See Exhibit A.) There shall be no specific or predetermined steps within the range, thus allowing for the flexibility of adjustment to recognize varying levels of performance. Each classification will be assigned to a range. Range placements are made by placing the market base salary median findings for each classification into the salary range whose control point is closest to the market median number. The control point represents the value of each position assigned to the salary range at the fully competent level.

Title	Market Top Step Median	Range Minimum	Control Point (Range NR23)	Range Maximum
Example Position	\$6,300	\$5,293	\$6,351	\$6,986

The maximum pay for each salary range class is 10% above the control point of the range. The minimum of the salary range for each class is 20% below the control point. The range below the control point represents pay for an employee who is not yet fully competent in all aspects of the classification. The following illustrates how the salary range for a class is created.

Position
Control point = \$6,351; Maximum of range = \$6,351 * 1.10; Minimum of range = \$6,351 / 1.20 Resulting Range is \$5,293 - \$6,986

Represented employees salary ranges and intermediate steps are identified in the current MOU.

SECTION 2-2

INITIAL PAY AND SALARY RANGE ADJUSTMENTS

Pay for New Employees

There are two (2) situations in which new employees may be placed above the entry rate of the salary range: the employee has job related experience and/or training that is greater/more extensive than the minimum requirements for the job and when extensive recruiting indicates that qualified candidates will not accept offers at the entry rate. The District's salary offer to new employees will also take into consideration the extent and level of experience of current employees in the same class to ensure internal equity among employees. This applies to both represented and non-represented employees.

Salary Adjustments

Employees receive salary increases based on their performance during the prior year. The amount of the increase for non-represented employees is based on three factors: the level of performance, current position in the salary range, and money available for salary increases. Salary increases for represented employees are implemented according to the terms and conditions of the current MOU. The following charts depict the possible increases for non-represented employees based on position in the range and overall evaluation of performance.

Performance Standards	% Increases
Exemplary	6.5% - 8% (not to exceed maximum of the range)
Exceeds Standards	3.5% - 6% (not to exceed maximum of the range)
Fully Effective	1 – 3% (not to exceed the control point of the range)
Improvement Needed	0
Minimum Standards Not Met	0

The District has selected the month of April as the focal review date; meaning that all employees will receive annual performance appraisals within the month of April each year. Individuals hired within the first nine (9) months of the rating period (May – January) will be eligible for a pro-rated merit increase, from their hire date forward.

Individuals hired within the last three (3) months of the rating period (February – April) will not receive an annual performance review nor be eligible for a merit increase. Their first performance review will occur on their six (6) month anniversary and they will be eligible for a merit increase on the following Agency-wide annual performance review date.

Once an employee reaches the maximum of the salary range, and is rated as outstanding or exceeds standards, the employee is eligible for the cash equivalent of the recommended increase,

but the increase does not become a part of base pay for purposes of retirement calculations. Employees can only receive a salary adjustment once a year unless they are receiving a promotion to another position.

Adjustments to individual salaries based on range movement are not automatic. (Refer to the current MOU for Represented employees.) The reviewer may recommend an upward adjustment in an individual's salary or may recommend that an individual's salary be maintained at its current level, despite any adjustment in the salary range.

Salary Placement Upon Promotion, Demotion, Reclassification and Market Equity Adjustments

Promotion - When a regular non-represented employee is promoted, the employee will receive a salary increase of at least the minimum of the new salary range. (Refer to the current MOU for Represented employees.)

Demotion - When an employee is demoted, the employee's salary will be reduced to an amount in the range of the lower classification which has the same percentage relationship to the control point as the employee's salary in the higher classification. (Refer to the current MOU for Represented employees.)

Reclassification - Any employee in a job which is reclassified with a different salary range shall be compensated at the same rate of pay in the new salary range or the minimum of the new salary range should the employee's pay rate be less than the minimum of the new salary range. The salary of an employee whose position is reclassified to a classification with a lower salary range and whose salary is above the maximum of the new salary range shall be frozen at the salary of the old classification until the salary range of the new classification is equal to or exceeds the employee's salary. This is referred to as "Y-rating". (Refer to the current MOU for Represented employees.)

Market Equity Adjustments - An employee who is classified in a position with a salary range which has been increased as a result of a salary study (equity adjustment to salary range) remains at their current salary unless adjustment to the salary range results in employees being paid below the minimum of the salary range. If employees are rated as "fully effective" on their previous performance evaluation, they will be given a salary increase that will pay them at the minimum of the salary range. (Refer to the current MOU for Represented employees.)

SECTION 3 - PERFORMANCE MANAGEMENT SYSTEM

SECTION 3-1

PURPOSE OF PERFORMANCE MANAGEMENT SYSTEM

The performance management system applies to all employees, represented and non-represented. The objectives of the performance management system are to: encourage effective communication between supervisors and employees regarding expectations for job performance and work habits; provide feedback to employees regarding how well they are meeting those job expectations; assist employees in identifying ways they can achieve the best level of performance; provide a method for tying performance to pay; provide additional opportunities for employees to assist supervisors and managers in identifying ways in which the work environment and productivity can be improved; determine the training needs of employees; and assist employees in planning career goals.

SALARY INCREASE BUDGET

The salary increase budget will be determined annually within the context of overall District's performance and budget dollars available, and shall be fiscally prudent taking into account the District's financial condition, reserves, revenue growth, and competing budget priorities. The range of potential increases for the upcoming rating period will be announced to all employees by April each year. (Refer to the current MOU for Represented employees)

REVIEW PERIODS

The supervisor in the following instances conducts formal reviews of performance:

1. When an employee has worked an initial six (6) month period in his or her new job position (this applies not only to newly hired employees, but also to employees who have been promoted or otherwise transferred to new job classifications);
2. Annually, on the focal review date in April; salary adjustments, if applicable, to be effective May 1st;
3. When an employee is being considered for promotion, transfer, demotion, termination, or other disciplinary action is being considered;
4. Whenever the employee's supervisor believes there has been a significant change in the employee's performance; and
5. Whenever requested by the General Manager or the Board of Directors.

DOCUMENTATION OF THE REVIEW PROCESS

The Performance Evaluation form for the specific individual serves as the record of the review process.

CORE COMPETENCIES

The Core Competencies refer to the interpersonal and job skills common to all classifications and are considered especially important to working successfully at the District. These Core

Competencies describe the expectation of characteristics an employee should possess as they are performing their work at the District. All employees will be evaluated on the first eight (8) competencies listed below. Supervisors and managers will also be evaluated on the last two (2) competencies listed below.

1. **Customer Service** - Represents the District to individuals both inside and outside the organization in a service oriented, responsive, consistent, timely, respectful, and effective manner within the context and authority of their position.
2. **Job Knowledge** - Possesses technical knowledge and learned skills, methods, techniques, policy, and procedures necessary to perform the job. Keeps up-to-date on developments and changes relevant to the job and the District. Understands their job in the context of the District's operations.
3. **Initiative/Innovation** - Self-motivated; resourceful; continually seeks to improve work methods as a means to greater efficiency and effectiveness. Willingness to seek out and accept challenging new responsibilities.
4. **Safety/Security** - Ensures safety of District customers, community, and employees; protects and secures District data, facilities, infrastructure, and systems. (Please note that the rating definition for this Core Competency differs based on functional area, for example, administration, operations, or safety/security.)
5. **Teamwork** - Works collaboratively and cooperatively with others inside and outside of the organization. Creates positive working relationships and fully shares in responsibilities; respects and understands roles within the team. Supports positive working environment to ensure high performance of the whole team and the District.
6. **Reliability** - Monitors status of assignments to meet District fiscal needs, timetables, and deadlines for submission of work; follows instructions and meets job expectations including attendance and punctuality. Accountable and consistent.
7. **Effectiveness/Productivity** - Ability to approach issues effectively, resourcefully, and creatively. Adeptness at analyzing facts, forecasting issues, problem solving, decision-making, and demonstrating good judgment. Ability to use knowledge and skill to deliver a quality product or level of service. Skill at planning, organizing, and prioritizing workload and proficiency in measuring and monitoring workload.
8. **Communication** - Clear and concise in speech, writing, and presentations. Provides required information to individuals both inside and outside the organization in a service oriented, consistent, timely, and effective manner.

9. **Management** - Ensures a smooth operation by maximum utilization of personnel, technology, and equipment; staff motivation, growth, development; and adherence to safety and security guidelines. Provides clear work direction, expectations, and constructive feedback and guidance, including timely performance reviews. Matches program expectations with resources. Identifies and addresses obstacles to their employees' performance.
10. **Leadership** - Uses appropriate interpersonal styles and methods in guiding individuals and groups towards task and strategic accomplishments. Exhibits skills that create a vision of purpose. Influences and manages change. Obtains political support. Encourages communication within and between departments. Establishes, directs, and/or chairs committees, teams, and programs.

RATING OF CORE COMPETENCIES ON THE PERFORMANCE EVALUATION FORM

The rating scale for each core competency consists of five (5) levels – Exemplary, Exceeds Standards, Fully Effective (equivalent to the previous “meets standards” rating), Improvement Needed, and Minimum Standards Not Met. Examples of job behavior are used to describe each level of performance for each competency. It is anticipated that as managers gain more experience with these rating scales, the descriptions of behavior will become more specific. An example scale is shown below for the evaluation competency **Initiative/Innovation**.

EXEMPLARY	EXCEEDS STANDARDS	FULLY EFFECTIVE	IMPROVEMENT NEEDED	MINIMUM STANDARDS NOT MET
A self-starter who always completes work with little or no supervision. Anticipates the needs of others and the District and addresses those needs by taking on increased responsibilities. Thinks out of the box to actively identify and implement creative ways to increase productivity and streamline and improve processes on a District-wide level.	A self-starter who completes work with minimal supervision. Actively seeks increased responsibilities. Thinks out of the box. Recommends ways to increase productivity and streamline and improve processes within department/ program area.	Completes work under general supervision and takes direction well. Takes on additional responsibilities as assigned. Makes some recommendations to increase productivity and streamline and improve processes in assigned program area/area of responsibility.	Requires some direct supervision, difficulty accepting new ideas and responsibilities, and resists change. Attempts may be made to improve work processes in assigned area of responsibility.	Requires constant supervision and is generally not receptive to new ideas and change. Little attempt to improve work processes in assigned area of responsibility.

Each rating has a numerical equivalent: Exemplary = four (4) points, Exceeds Standards = three (3) points, Fully Effective = two (2) points, Improvement Needed = one (1) point, and a rating of

Minimum Standards Not Met receives zero (0) points. Each point equivalent is then multiplied by the weighting for each competency and the resulting weighted scores are added together for the employee's overall rating.

The total weighting for each job must equal, at a minimum, 10 for Supervisors/Managers. The total weighted rating for represented jobs, at the fully functional rating, must equal a minimum 2.0 (which equates to 100 points from the old evaluation forms). On the next page is an example of rated competencies and the resulting total number of points if an employee had received the given ratings.

The weighting of each competency may vary with each job class. These competencies and the weight of each competency may change over time due to a change in duties and responsibilities or a change in those qualities that the District values or wants to emphasize.

Using the table on the next page, the total points for this sample would equal an overall rating of Fully Effective.

Sample Rating			
Core Competency	Weight	Rating	Weighted Rating
Customer Service	1	3	3
Job Knowledge	1	2	2
Initiative/Innovation	1	2	2
Safety/Security	1	2	2
Teamwork	1	3	3
Reliability	1	3	3
Effectiveness/Productivity	1	2	2
Communication	1	1	1
Management (Supervisors only)	1	3	3
Leadership (Supervisors only)	1	2	2
Total	10		23
Overall Rating			2.3

The total points are calculated based on the total weighted rating divided by the total weight. The District may decide to change the weight on any of the competencies, perhaps to emphasize competencies that will help drive operational goals. For example, if during one year, the District decided to place a greater weight on Teamwork and changed the weight to 5 and kept all other competencies with a weight of 1, then the total weight would equal 14. The overall rating would be calculated based on the total weighted rating divided by 14.

Total points are converted to the Overall Rating using the following scale:

- 3.51 – 4 = Exemplary
- 3 – 3.50 = Exceeds Standards
- 2 – 2.99 = Fully Effective
- 1 – 1.99 = Improvement Needed
- 0 – 0.99 = Minimum Requirements Not Met

EMPLOYEE MERIT INCREASES

A designated supervisor shall be responsible for 1) the annual review of each employee's performance; and 2) recommendations for employee merit increases. Merit increase recommendations shall be within the District's annual salary budget guidelines and based on the individual employee's performance. (Refer to the current MOU for Represented employees.)

Guidelines for recommending merit increases. (Refer to the current MOU for Represented employees.):

- Range Minimum to the Control Point is the portion of the range where a new or less experienced employee would be placed. Progress through the range would occur as an employee moves towards the fully competent level (control point). There may be circumstances, such as hiring a highly experienced individual, which would warrant salary placement near or at the control point.
- The Control Point is the position of the salary range where an employee may normally expect to progress. Most employees will achieve and maintain a salary at this point of the range (fully competent). The achievement of full competency is determined by the ability to meet standards in the District's core competencies and achievement of individually determined goals for the review period.
- The Control Point to the Range Maximum is utilized for those employees whose performance over time consistently exceeds expectations or is outstanding as defined by the District's core competencies and individual goal achievement.

Adjustments to an employee's salary will be made based on the results of the performance evaluation. Salary adjustments shall be based on achievements in key areas weighted as follows:

- | | | |
|--------------------|----------------------|-----|
| ➤ For 2012 reviews | Core Competencies | 80% |
| | Goals and Objectives | 20% |
| ➤ For 2013 reviews | Core Competencies | 50% |
| | Goals and Objectives | 50% |

The maximum total points an employee may receive based on the evaluation of the core competencies and goals and objectives is 4.

Overall rating of achievement of goals and objectives are converted to points using the following scale:

- 4 = Exemplary
- 3 = Exceeds Standards
- 2 = Fully Effective
- 1 = Improvement Needed
- 0 = Minimum Requirements Not Met

During the annual performance review process, both performance ratings (core competencies and goals and objectives) and the relative position of the individual within the salary range will be considered in recommending the salary increase.

The following merit guidelines shall apply for performance reviews. (Refer to the current MOU for Represented employees.):

Overall Rating	<Control Point	Control Point	>Control Point and <Max	> Max (lump sum)
Exemplary – 3.51 to 4	6.5% - 8%	6.5% - 8%	6.5% - 8%	6.5%
Exceeds Standards – 3.34 to 3.50	5.5% - 6%	5.5% - 6%	5.5% - 6%	3.5%
Exceeds Standards – 3.17 to 3.33	4.5% - 5%	4.5% - 5%	4.5% - 5%	3.5%
Exceeds Standards – 3 to 3.16	3.5% - 4%	3.5% - 4%	3.5% - 4%	3.5%
Fully Effective – 2 to 2.99	1% - 3%	1% - 3%	0%	0%
Improvement Needed – 1 to 1.99	0%	0%	0%	0%
Min Requirements Not Met– 0 to 0.99	0%	0%	0%	0%

- If base pay is below the control point: Employees with at least “Fully Effective” performance will have the opportunity to receive a pay increase up to the control point of their range, based on their performance. No increase will be given to those rated below “fully effective”.
- If base pay is between the control point and maximum: Employees with performance that either “Exceeds Standards” or is “Exemplary” will have the opportunity to receive an increase up to the maximum of their range. If an “Exemplary” increase exceeds the maximum, the portion above the maximum will be paid in a lump sum payment.
- If base pay is above the maximum: Employees who are frozen at or above the maximum of their range and perform at an “Exemplary” or “Exceeds Standards” level on their performance review, will receive a lump sum payment equal to the applicable percentage on the matrix above.

Timing of Increases. Merit increases will be considered on an annual basis in May, in conjunction with the Agency performance review cycle in April.

EXAMPLES OF PROGRESSION THROUGH SALARY RANGE

This following table demonstrates one example of how a non-represented employee would move through the salary range based on the employment scenario described below. Assume in this example that a salary survey is performed every other year with salary range adjustments effective the first of July. This means a survey is performed in Years 3, 5, and 7 during the

employee's service. A survey was also performed in Year 1, but prior to the employee's starting date.

	Hire	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6
Employee Increase		3%	6%	5%	4%	1.6%	4.5%
Employee Salary	\$5,293	\$5,452	\$5,779	\$6,068	\$6,311	\$6,415	\$6,905
Minimum Salary	\$5,293	\$5,293	\$5,293	\$5,346	\$5,346	\$5,346	\$5,346
Control Point	\$6,351	\$6,351	\$6,351	\$6,415	\$6,415	\$6,415	\$6,415
Maximum Salary	\$6,986	\$6,986	\$6,986	\$7,056	\$7,056	\$7,056	\$7,056

In *YEAR 1*, the monthly salary range for this position is \$5,293-\$6,986. The control point of the range is \$6,351. The employee is hired at the range minimum of \$5,293. At the end of *YEAR 1*, the employee receives a "Fully Effective" rating (2.9 Points), qualifying for a maximum increase of 3% to \$5,452.

The employee's salary *at the beginning of YEAR 2* is \$5,452. At the *end of YEAR 2*, the employee receives an "Exceeds Standards" rating (3.5 Points) and qualifies for a maximum increase of 6%, bringing the employee's salary to \$5,779.

During YEAR 3, the District performs a salary survey and the Board approves a 1% increase to the salary range for this job based on the results of the survey. The new control point is \$6,415, the range minimum is \$5,346 and the range maximum is \$7,056. *At the end of YEAR 3*, the employee receives another "Exceeds Standards" rating (3.3 Points) and qualifies for maximum increase of 5% at the *end of YEAR 3* increasing salary to \$6,068.

At the end of YEAR 4, the employee receives an "Exceeds Standards" rating (3.1 Points) qualifying for a maximum increase of 4%, which would bring salary to \$6,311.

During YEAR 5, the District performs another salary survey and the Board approves no increase to the salary range for this job based on the results of the survey. The control point, range minimum, and range maximum remain the same. *At the end of YEAR 5*, the employee receives a "Fully Effective" rating (2.9 Points) qualifying for a maximum increase of 3% which would bring salary to \$6,500. However the control point of the range is \$6,415 and when an employee receives a "Fully Effective" rating, they would not be able to move above the control point, therefore the employee's salary is limited to an increase to the control point or \$6,415.

At the end of YEAR 6, the employee receives a "Fully Effective" rating (2.5 Points) and would remain at the control point, which represents the market median top step. The employee's salary would remain \$6,415.

This following table demonstrates a second example of how a non-represented employee would move through the salary range based on the employment scenario described below. Assume in this example that a salary survey is performed in Year 1 and every other year (in Years 3, 5, and 7) with salary range adjustments effective the first of July.

	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6
Employee Increase		0%	3.5%	5%	3.7%	6.5% lump sum payment
Employee Salary	\$6,450	\$6,450	\$6,676	\$7,010	\$7,269	\$7,269
Minimum Salary	\$5,293	\$5,293	\$5,399	\$5,399	\$5,507	\$5,507
Control Point	\$6,351	\$6,351	\$6,478	\$6,478	\$6,608	\$6,608
Maximum Salary	\$6,986	\$6,986	\$7,126	\$7,126	\$7,269	\$7,269

In **YEAR 1**, the District performs a salary survey and the Board approves a 2% increase to the salary range for this job based on the results of the survey. The monthly salary range for this position is \$5,293-\$6,986. The control point of the range is \$6,351. The employee’s salary is \$6,450.

The employee’s salary *at the beginning of YEAR 2* is \$6,450. At the *end of YEAR 2* the employee receives an “Fully Effective” rating (2.5 Points) and qualifies for no increase because the employee’s salary is above the control point. The employee’s salary would remain \$6,450.

During YEAR 3, the District performs a salary survey and the Board approves a 2% increase to the salary range for this job based on the results of the survey. The new control point is \$6,478, the range minimum is \$5,399, and the range maximum is \$7,126. *At the end of YEAR 3*, the employee receives an “Exceeds Standards” rating (3.1 Points) and qualifies for 3.5% increase at the *end of YEAR 3* increasing salary to \$6,676.

At the end of YEAR 4, the employee receives an “Exceeds Standards” rating (3.3 Points) and qualifies for 5% increase at the *end of YEAR 4* increasing salary to \$7,010.

During YEAR 5, the District performs another salary survey and the Board approves a 2% increase to the salary range for this job based on the results of the survey. The new control point is \$6,608, the range minimum is \$5,507, and the range maximum is \$7,269. *At the end of YEAR 5* an “Exceeds Standards” rating (3.5 Points) and qualifies for a maximum 6% increase. The largest increase the employee can receive is 3.7% increase to the maximum of the range of \$7,269.

At the end of YEAR 6, the employee receives an “Exemplary” rating (3.9 Points) and qualifies for a maximum 6.5% lump sum payment. The employee’s salary remains the same at \$7,269.

SECTION 3-2

GOALS AND OBJECTIVES

Departmental goals, for both represented and non-represented employees, are based upon District-wide goals identified by the General Manager and the Board of Directors in the Strategic Plan. Department goals become the foundation used by the Supervisor/Manager and his or her staff to establish specific goals for the department/division and employees. Department/Division Heads will review the department/division goals with employees and the overall impact and expectation of that department/division in achieving the goals.

In addition to directing the employee's efforts toward important organizational goals, objectives are a necessary tool for the supervisor as well. Supervisors are responsible for the evaluation process for the purpose of rewarding and developing their employees. The evaluation can be difficult to write and inaccurate in content when a supervisor does not have a clear understanding of what is expected from the employee.

Successful development and negotiation of goals and objectives between the supervisor and employee often result in a more productive workplace. It also allows the employee to understand what is expected of him or her and how he or she will be evaluated at the time of his or her performance appraisal.

Developing Goals

The terms "goal" and "objective" have often been confused with one another and how they are best used. Goals and objectives are defined as follows:

- **Goal:** A broad statement of desired results for the District, department, or division.
- **Objective:** Objectives are determined for each goal. Effective objectives include measurements developed in terms of numbers, percentages, time, or some other tangible indicator of results. They are achievable, challenging, and motivate individuals to attain excellent performance.

Guidelines for Preparing Employee Goals:

- Goals are broad in scope.
- Goals are normally long-term or on going in nature.
- Goals are based on the goals of the District, but are designed to support areas for which the employee is assigned.
- Goals are brief and clear statements.
- Goals require one or more specific objective to be achieved.
- Goals are within the supervisor's area of responsibility and/or authority.

There are four (4) types of goals:

1. Professional Development Goals focus on career growth. Examples of objectives include attending classes, seminars, or workshops or participating in on-the-job training, cross-training, or self-study programs.
2. Performance Goals focus on the improvement of performance or behavioral problems that impact group or job performance. Examples of objectives include improving computer proficiency, time management, or writing skills; building collaborative co-worker relationships; or reducing absenteeism. (Note: These objectives may reflect Performance Category ratings of “Improvement Needed” or “Minimum Standards Not Met”.)
3. Project Goals are specific assignments. Examples of objectives include participating in or managing an ongoing or future project.
4. Strategy Goals are directly related to the District’s strategy plan.

Developing Objectives

Effective objectives are defined for each major activity, project, or area of responsibility in a position. It is possible, for most positions, to develop measurements in terms of percentages, time, or numbers, or some other objective and quantifiable indicator of results.

Guidelines for Preparing Objectives:

- Objectives are SMART: Specific, Measurable, Attainable, Relevant, and have a Timeframe.
- Objectives are written at an “acceptable level of performance.”
- Objectives are aligned to the supervisor’s goals.
- The number of objectives is typically 2-5, but may vary depending on each employee’s situation.

A good objective is Specific enough so that there is no doubt in either the employee’s or supervisor’s mind as to what is expected.

Measurement methods are objective, not subjective, and they are clear, reasonable, and fair.

A task should be reasonably Attained but challenging, given normal resource availability and management support, rather than just what needs to be done.

An employee cannot reasonably be expected to reach twelve-month objectives in a six-month period. A new employee should not be expected to perform at the same level as an employee with extensive experience.

A Relevant objective is one that has the desired outcome and is in line with department/division objectives and the Strategic Plan of the District.

A good objective encompasses a Time in which each task can be accomplished. A relevant time is selected that also meets the District's timeframe for meeting its goals.

In preparing objectives, each employee, with guidance from his or her supervisor, prepares objectives based on his or her classification description and/or goals of the department/division.

SECTION 3-3

THE PERFORMANCE MANAGEMENT CYCLE

One Month Prior to the Review Period

The supervisor will work with employees to establish goals for the coming year. If employees are new to the job, the supervisor will also review the employee job description with them and ensure that employees understand the duties and responsibilities of the job. The supervisor will explain the expectations in terms of quality of work product, characteristics of work behavior, and level of productivity.

Sixth Month of the Review Period

The supervisor, on an informal basis, will review employees' progress towards goals and other significant work behavior.

Eleventh Month of the Review Period

Employees will be given a copy of the evaluation form and will be required to evaluate their level of performance and provide input into developing goals and objectives for the upcoming review period. This document will be used in discussion with the supervisor during the formal review period.

Twelfth Month of the Review Period

The supervisor will conduct the formal evaluation completing the evaluation form and discuss with the employee the employee's self rating and the supervisor's rating. Goals for the new review period will be set. A follow up meeting is conducted with the employee within the next week to finish discussions after considering information from the initial discussion.

The performance evaluation of any employee receiving an overall rating of "Exemplary" or "Minimum Standards Not Met" will be reviewed by the Management Action Committee (MAC) to ensure consistency in the application of the District's performance standards.

SECTION 3-4

EMPLOYEE APPEAL

Employees not satisfied with the rating of their performance may appeal in writing to the General Manager. The employee may appeal the evaluation process or ratings of particular competency, but not the amount of a salary increase. The review and resulting action by the General Manager is final. (Refer to the current MOU for Represented employees)

SECTION 3-5

STEPS IN THE PERFORMANCE REVIEW PROCESS

One (1) month prior to the first supervisor/employee meeting in each series of meetings the supervisor will:

1. Provide a copy of the Performance Evaluation form to the employee for completion.
2. Review the Performance Evaluation form and performance goals established at the most recent previous performance review session.
3. Review notes taken on employee performance since the last formal review.
4. Complete a Performance Evaluation form based on the employee's performance since the last formal review.
5. Develop a preliminary list of goals for the next evaluation period.
6. Schedule a meeting with the employee.
7. Schedule a meeting with the Management Action Committee to review initial rating if the employee's overall rating is "Exemplary" or "Minimum Standards Not Met".

At the performance review meeting the supervisor will:

1. Review the purpose of the performance review.
2. Discuss the employee's past performance, including problems and successes. (Reference goals established at the last performance review, as well as those communicated since the last performance review.)
3. Review reasons for successes and problems, as well as ideas for improvements in employee performance and career growth.
4. Discuss and modify, as needed, goals for the next review period.
5. Schedule a follow-up meeting within a week to finish discussions after considering information from the initial discussion.

At the conclusion of the final meeting:

1. Finalize the Performance Evaluation form.
2. Provide the employee with two copies of the form - one to keep and one to sign and return with comments.
3. Send the original signed Performance Evaluation form, including any employee written comments, to the reviewing manager.

SECTION 3-6

AUDIT OF THE PERFORMANCE MANAGEMENT SYSTEM

The District's Management Action Committee (MAC) will periodically review the performance management system to ensure that all procedures, evaluation competencies, and evaluation methods are still appropriate in terms of District goals and objectives.

SECTION 4 - ADDITIONAL COMPENSATION INCENTIVES

There are a number of additional rewards and incentives the District may give to employees for special achievements, in addition to merit increases, as part of annual performance review of goal attainment. These additional compensation incentives are for work “above and beyond” normal work activities and or goal attainment. They are “AttaBoys’ is public recognition of a job well done. Not all incentives are necessarily awarded every year. The cash awards are generally “one-time” awards and are not added to base pay. This section outlines the new types of rewards and general information regarding them. Policy 2011-08 more particularly describes the type of incentives outlined below.

The Board of Directors authorizes the General Manager to budget monies, not to exceed \$150.00 per employee per annum, for the following purposes:

1. Employee job-related achievement or superior performance recognition.
2. Employee recognition event, including awards for employment anniversary dates, recognized at five (5) year increments. Other awards include: certificates of appreciation, special certificates of merit and attendance awards for continuous attendance during any twelve (12) month period ending in the recognition year.
3. Employee retirement.
4. Birth of an employee’s child or other significant milestone in an employee’s life.
5. Bereavement acknowledgements for the death of an employee, an employee’s close family relative or District retiree.
6. Seasonal District celebrations, e.g. December holiday lunch and annual employee appreciation lunch.

Types of expenses authorized under this policy include, but are not limited to, plaques, flowers, cards, refreshments and other minor items.

SAFETY AWARDS

The District recognizes both teams and individuals for promoting safety, maintaining a safe work environment, and working in a safe manner. Both team members and individuals may receive additional time off, lunch, and public recognition in the PIPELINE Newsletter, the RIVER VALLEY TIMES, and public signage.

SPECIAL SERVICE AWARD

This award recognizes outstanding service to the community as indicated by customer acknowledgments. Special service is characterized by:

- Actions or performance beyond the normal skill level for the job

- Outstanding one-time actions
- Extraordinary effort, diligence, courage, patience or a commitment of the employee's own time to the benefit of the District.

Rewards may consist of additional time off and public recognition in the form of a letter to the employee's family, plaque in offices, and coverage in the PIPELINE Newsletter, RIVER VALLEY TIMES, and on Channel 5 cable television.

COST SAVINGS BONUS

This award is given to employees who conceive of methods, procedures, or services that result in substantial cost savings or efficiencies for the District. Rewards up to a maximum of \$500 (or an amount approved by the Board) can be made to either individuals or groups.

This award is in addition to the Employee Suggestion Program or noteworthy cost savings.

SECTION 5 - BENEFITS

In addition to base salary, rewards, and incentives, the District provides indirect compensation usually referred to as benefits. Benefits provided by the District are described in detail in the District Personnel Manual.

In an effort to remain competitive in the marketplace, benefit surveys are conducted periodically to compare the District's benefit package to the benefits provided by similar agencies. Adjustments to account for changes in market conditions are made to the District's benefit package, pending Board approval.

The District recognizes that benefits are an extremely important part of total compensation and that employees value them as much as direct compensation. Annually, the District provides each employee with the estimated value of his or her benefits package to ensure each employee recognizes the value of his or her total compensation package.